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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES**

O I P E
APR 20 2007
Appellants:
Serial No:
Filed:
For:
Group:
Examiner:

Owen H. Brown, et al.
10/010,340
December 5, 2001
SECURE DIGITAL ESCROW ACTION TRANSACTION...
3627
Gerald J. O'Connor

April 20, 2007

MailStop: Patent Appeal (Fee)
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

BRIEF ON APPEAL COVER LETTER

SIR:

Enclosed herewith is a Brief on Appeal in triplicate and charge the Deposit Account No. 50-1290 the fee of \$250.00.

Any fee due with this paper may be charged to Deposit Account No. 50-1290.

Respectfully submitted,

Samson Helfgott
Reg. No. 23,072

CUSTOMER NUMBER 026304

Telephone: (212) 940-8800
Fax: (212) 940-8986 or 8987
Docket No.: BRWN 20.199 (021180-00053)

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Receipt No. 51732683013US
on 4-20-2007
pursuant to 37 C.F.R. 1.10
By *Frances Doyle*
Frances Doyle



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I. THE EXAMINER'S GROUNDS OF REJECTION OF CLAIM 9 ARE IN ERROR

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to the taxing authority, rather than depositing the funds into an EFP escrow account for later payment to the taxing authorities on behalf of the merchant. It is for this purpose that the examiner relies on Hanna et al. In describing Hanna, the examiner states as follows:

“However, Hanna et al disclose a similar method which method indeed includes an EFP escrow account into which sales tax amounts of a merchant are directly deposited for later payment to the taxing authorities on behalf of the merchant. See, in particular, col. 11, lines 46-59.” (emphasis added)

It is contended that the examiner has misstated what Hanna et al teaches in a number of respects:

1. “On behalf”. Hanna et al, both in col. 11, lines 46-59, as well as elsewhere in Hanna, does not teach any payment “on behalf” of the merchant. Hanna teaches an ATM machine where the merchant himself deposits funds and at the time he deposits the funds, he designates which portion of the funds is to be deposited into his regular account and which is to be deposited into his escrow account.

Nowhere in this section or anywhere else in Hanna is there any indication where a deposit into the escrow account is made by an EFP or by a third party, other than the merchant himself.

2. “Later payment to the Taxing Authorities on behalf of the merchant”. Nowhere in the claim is there any method step for the later payment on behalf of the merchant. The limitation in the claim is not making the payment to the taxing authorities on behalf of the merchant. The limitation is the initial deposit of the money into the escrow account “on behalf” of the merchant.

The examiner is therefore arguing a limitation that does not exist in the claim, and on the other hand fails to find in Hanna the needed teaching of the claim that a third party makes the escrow deposit on behalf of the merchant, rather than the merchant himself making the deposit.

3. “Similar method”. The examiner argues that Hanna teaches a similar method. This is not the case. Cretzler teaches an EFP processing arrangement where a purchaser goes to a merchant and the merchant gets approval for an EFP payment with respect to a credit or debit card transaction. That is what our claim addresses as well.

However, Hanna does not deal with any EFP payments. Hanna deals with an ATM machine. The merchant is actually going to the ATM machine and determining what transactions he should make within his own bank accounts. That is not “a similar method”.

4. “An EFP escrow account”. The examiner indicates that Hanna teaches an EFP escrow account. There is not even any mention of any EFP in Hanna, and especially not in any of the col. 11, lines 46-59 that the examiner refers to.

5. “Motivation”. In the last two lines on page 4, apparently (for the very first time) the examiner tries to justify some motivation why one skilled in the art would have to combine Hanna with Cretzler. He indicates that the motivation would be for the merchant to collect interest on the deposited funds prior to the deadline for “transferring the sales tax funds to the taxing authorities”.

Unfortunately, this logic does not make sense. In Cretzler, where the money is entirely put by the EFP into the merchant’s regular account, he is also earning interest for every single dollar until he, the merchant, decides to pay the taxes. Putting the money into an escrow account (which may or may not even provide any interest) does not provide him any interest that he does not already have from Cretzler. In fact it may provide him with less interest, since the escrow account is not under his control, and payment to the taxing authorities may occur earlier than he would otherwise have paid it. Also, the escrow account may not give interest at all. Therefore,

the examiner's statement in trying to justify motivation is erroneous and thus there is no motivation to combine.

6. "Third party escrow teaching from Hanna" On the bottom of page 7, and the top of page 8, the examiner again points out that he is using Hanna et al to provide the teaching (which is missing in Cretzler) of a "third party escrow account". Unfortunately, there is no teaching of any such "third party escrow account" in Hanna. In Hanna it is the merchant that actually deposits a portion of his funds in his regular account and a portion of his funds in his escrow account. That is not a "third party escrow account".

II. THE EXAMINER HAS NOT ADDRESSED THE ELEMENTS OF THE CLAIMS

The examiner has summarized what he believes Cretzler teaches and what he believes Hanna et al teaches. However, he has again not addressed the limitations in the claim.

Specifically, and by way of example, claim 9, in the last phrase, requires that the crediting steps are executed by the EFP upon receipt of the payment request for the transaction via the merchant POS terminal "without depending on subsequent action by the merchant relating to the merchant's escrow account."(emphasis added)

The "crediting " step is where the merchant escrow account is credited by the EFP with the escrow amount. Therefore, it is the initial crediting of the money into the escrow account which the claim requires to take place by the EFP (not the merchant), and without depending on any subsequent action by the merchant relating to his escrow account. That the money is initially debited by the EFP, never credited to the merchant's regular account in the first place, and automatically credited by the EFP to the merchant escrow account without any subsequent action by the merchant relating to the merchant escrow account.

At no point has the examiner even addressed this limitation. He simply ignores it.

III. CONTROL OF THE MERCHANT

For the first time, the examiner has addressed the Applicant's continuous argument (presented for many years) that in the present invention, the monies placed into the escrow account are done so not under control of the merchant. Although the examiner has finally addressed it, unfortunately, it is believed that again he is error.

On page 8, he starts by paraphrasing the claim that it is "the payment of taxes that are made under control of the merchant." The claim does not require the payment of the taxes that is made without control of the merchant. The claim recites that it is the money deposited into the merchant escrow account that is made without control of the merchant. Thus, the Examiner starts out by trying to refute limitations that are not even in the claims.

Thereafter, without citing any support, neither from the claim, nor the specification, nor even from a dictionary, the examiner gives his own definition of "control" as being "permission" or "consent". Having given his own definition, he then argues against it, pointing out that such payments are made with his consent.

As mentioned, this claim does not talk about payment to the taxing authority. Furthermore, this definition of this examiner is not supported anywhere. If anything, the last phrase of the claim is the closest definition to "control", where it says that "subsequent action" by the merchant is not required. Neither the claim nor the specification refers to consent or permission. It refers to action. Thus, the contrived definition of the examiner is totally unsupported, inappropriate, and in contradiction to the claim and the specification.

IV. EXAMINER'S UNEFOUNDED REJECTION OF CLAIM 18

The examiner has rejected claim 18 out of hand without even relying on a reference.

Claim 18 is dependent upon claim 9 and includes taking off the garnishment amount by the EFP without any action on the part of the merchant. This is a particular system tailored to a particular user. There is no teaching anywhere of how a third party escrow system, controlled by an EFP, could be tailored to a particular user, which needs to include garnishment.

The examiner has not even addressed this issue but simply rejects the claim out of hand without even citing a reference.

V. EXAMINER'S UNEFOUNDED REJECTION OF CLAIM 19

The examiner rejects claim 19 again out of hand, without citing a reference. Claim 19 provides a method of "forced savings", whereby the merchant can have the amounts removed automatically from his transactions without his control. There is no suggestion in either Cretzler nor Hanna and the examiner has not provided any other reference whereby the EFP could be set up in a specific manner by the merchant so that portions are automatically taken off before they are even credited to the merchant's normal account and placed in an escrow account. The examiner has not cited any specific reference to teach this, but just out of hand rejects this claim.

VI. EXAMINER'S UNEFOUNDED REJECTION OF CLAIM 42

The examiner relies on Cretzler in connection with handling cash transactions. He quotes that portion of Cretzler dealing with the payment of the cash transaction collected together with the amounts collected for credit transaction to the merchant. However, claim 42 addresses not cash transaction in connection with payment to the merchant, but the cash transaction in connection with third party escrow of the tax from that amount.

The examiner has not cited any portion of any reference in connection with that aspect of the invention.

VII. FAILURE OF THE EXAMINER TO COMPLY WITH MPEP

REQUIREMENTS

One of the key arguments that have been consistently presented by the Applicant throughout the prosecution and also presented in the Appellant's Brief, is that the examiner has failed to show how the limitations in the claims correspond to features in the prior art.

In MPEP §1207.02(A)(9)(e), it states that where there are questions as to how limitations in the claims correspond to features in the prior art, ... "the examiner must compare at least one of the rejected claims feature by feature with the prior art relied on in the rejection. The comparison must align the language of the claims side-by-side with a reference to the specific page, line number, drawing reference number, and quotation from the prior art, as appropriate."

The examiner has failed to comply with the MPEP requirements. Perhaps if the examiner had done so, he would have appreciated that he has not addressed every element of the claim, especially the last element of the claim in which he has not even found any portion of the any reference to teach or suggest that element.

This failure on the examiner's part is particularly aggravating in this Appeal. After applicant had submitted his Appellant's Brief, three times it was found to be non-compliant for failure to adhere to the MPEP. The first time was that it failed to include an appendix indicating the word "none". The second time, the noncompliance notice was given in error and subsequently retracted. The third time, the notice of noncompliance was given because although applicant referred to a specific flow diagram by figure number and referred to the entire figure as

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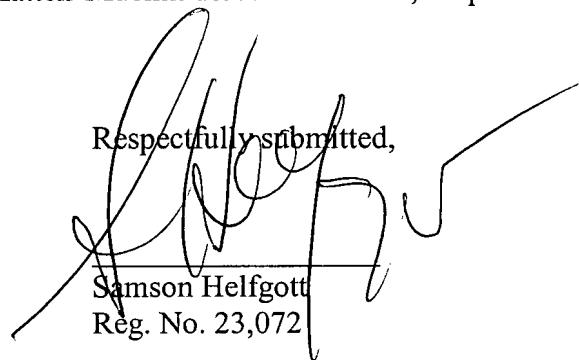
It is disheartening when applicant is continuously held noncompliant (sometimes even erroneously so) for not meeting every requirement of the MPEP, however, the examiner is permitted to be in noncompliance.

VII. CONCLUSION

For the foregoing reasons, the arguments presented by the examiner in his Answer should be rejected.

VIII. FEES

To the extent any fees necessary to be charged in connection with this matter, should be charged to the Deposit Account of Katten Muchin Rosenman LLP., Deposit Account No. 50-1290.



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Fax: (212) 940-8987

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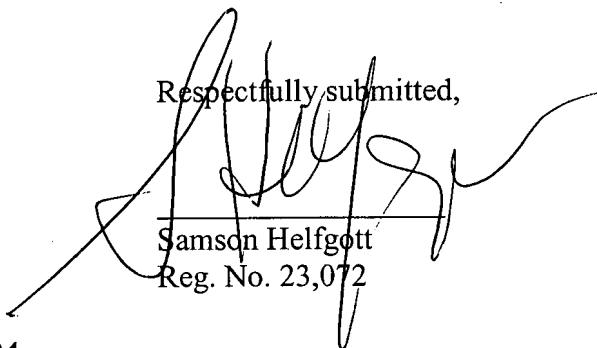
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